UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

FACETIME COMMUNICATIONS, INC.,	ECF FILED
Plaintiff,	
- against-	No. 08 Civ. 4730 (CM)(KNF)
REUTERS LIMITED,	
Defendant.	

DECLARATION OF ANN DEMIRTJIS

I, ANN DEMIRTJIS, hereby declare:

1.   I am the Head of Product Development for Reuters communication services. I have more than 12 years of experience working in the software engineering field. Except as indicated below, I have personal knowledge of the matters stated in this declaration.

The Source Code Agreement and the Hosted Compliance Solution

2.   In or around the fall of 2005, Reuters decided to replace the compliance services offered by outside vendors in connection with the Reuters Messaging service (the "Deployed Solution") with a product that Reuters itself would host and offer directly to its customers as part of Reuters Messaging (the "Hosted Solution").

3.   Reuters entered an agreement with FaceTime and acquired a license to FaceTime's source code and other related materials that had previously been used in connection with the Deployed Solution (the "Licensed Materials") in order to build a Hosted Solution that Reuters could then offer to customers as part of Reuters Messaging. This agreement is the Source Code Licensing Agreement dated January 31, 2006 (the "Agreement").

4.   In order to create the Hosted Solution, Reuters had to ensure that the hosted compliance product would offer "multi-tenancy" capability. In other words, the product had to function in such a way that multiple companies could connect to Reuters' server. This is in contrast to the Deployed Solution, which simply functioned to work on-site at each individual company's site. See Diagram attached hereto as Exhibit A.

5.   As part of the multi-tenancy requirement, the Hosted Solution also had to enable sufficient separation between the respective companies' communications for security purposes. Moreover, the Hosted Solution had to be structured in such a way to allow customers to access their own data, but not the data of other Reuters customers.

6.   Reuters used the Licensed Materials to create the Hosted Solution (which the Agreement refers to as the "Derivative Works"). In order to create the Hosted Solution, Reuters made substantial modifications to the Licensed Materials, including the removal of certain portions of the source code and the addition of significant new lines of code.

7.   Specific examples of alterations that we made to the Licensed Materials include: adding features to support various functions such as chatting, file sharing and audit logging of administrator activities; enhancing existing features such as fixing issues in connection with the multi-server feature, and building on the purging capabilities to support global purging for multiple companies; and removing certain features such as unnecessary processing for chat and queries not related to Reuters Messaging. A nonexhaustive list of representative modifications that we made to the Licensed Materials is attached hereto as Exhibit B.

8.   Due to the substantial modifications that we made to the Licensed Materials, the Hosted Solution developed by Reuters is a product that is wholly different and separate from the Licensed Materials.

The Disputed Invoice

9.   In or around August 2006, I was notified of an outstanding invoice from FaceTime in the amount of approximately $43,000. I disputed this invoice, as it consisted of charges relating to training services that I believed were included in the payments Reuters had already made to FaceTime under the Agreement.

10.   I received additional inquiries from FaceTime in connection with this disputed invoice during 2007. On or around June 21, 2007, I reiterated my disagreement with the charges contained in the disputed invoice to Rose Bratkowsky in FaceTime's accounting department. See email attached hereto as Exhibit C.

11.   In or around February 2008, the disputed invoice was again brought to my attention when Chris Lamb notified me that FaceTime had diverted monies from Reuters' final payment under the Agreement to cover this invoice as well as other invoices unrelated to the Agreement.
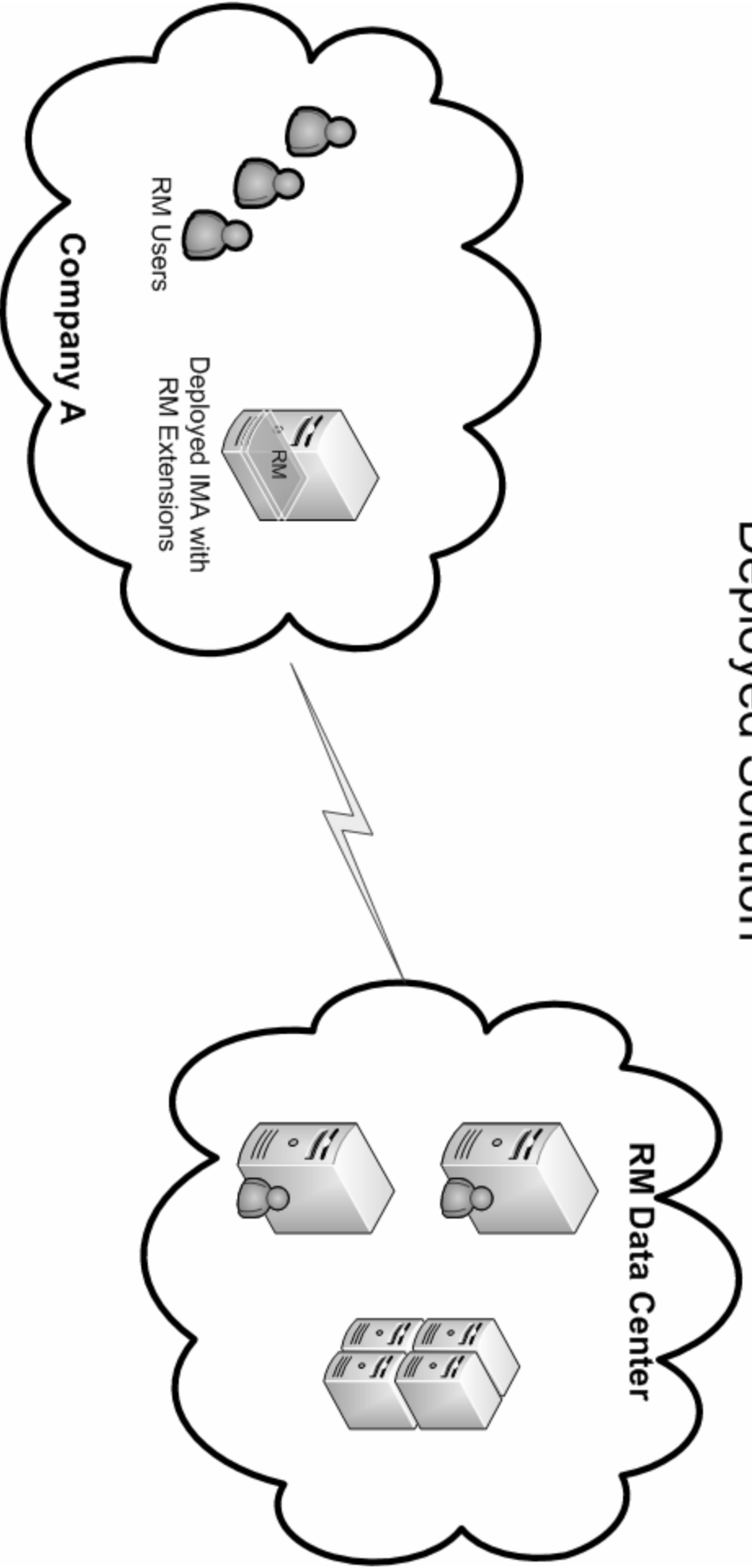
12.   I declare under penalty of perjury that the foregoing is true and correct. I executed this declaration in New York, New York on June 30, 2008.
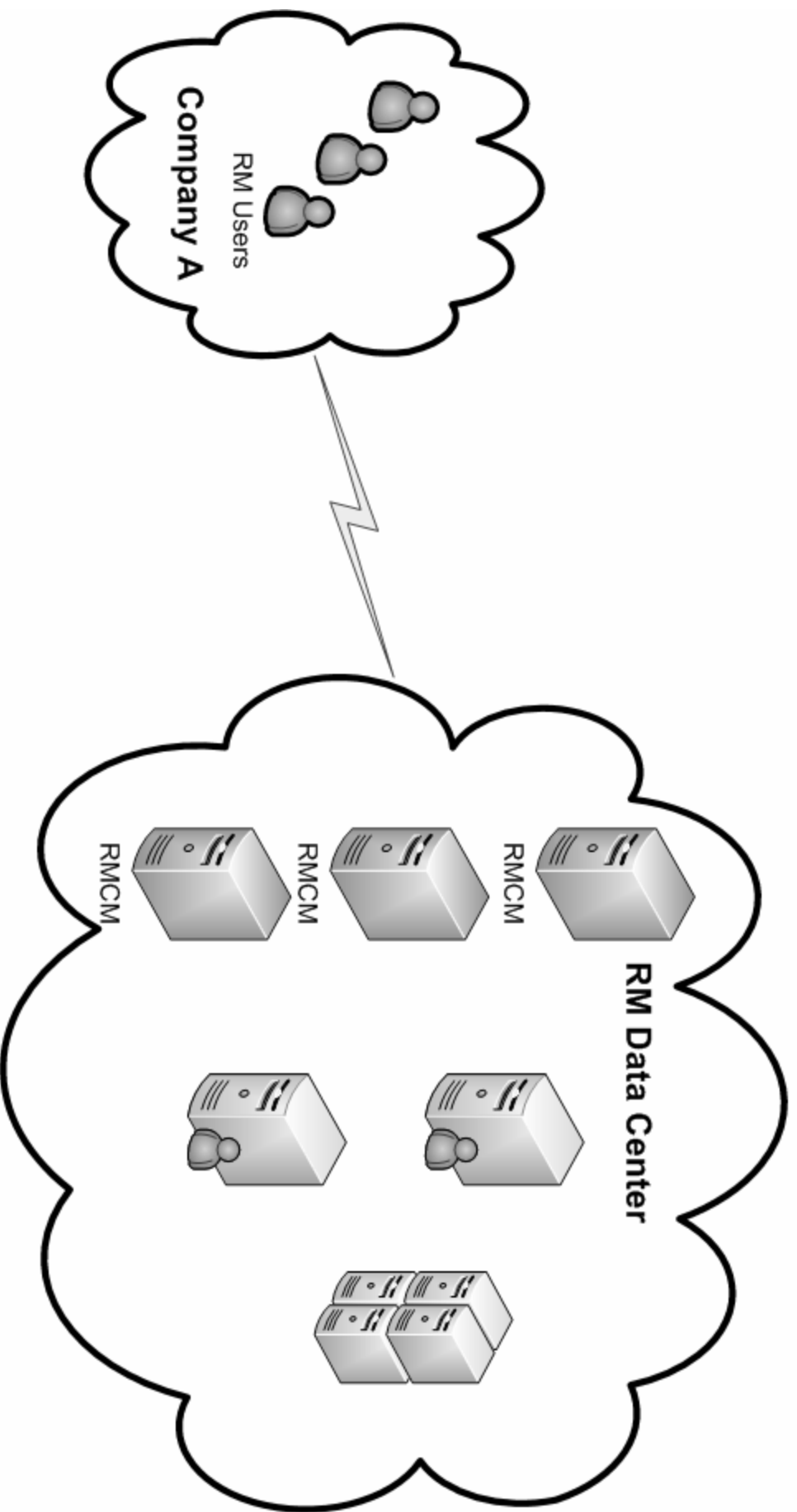

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Ann Demirtjis

Exhibit A

Deployed Solution

Company A

RM Users

Deployed IMA with RM Extensions

RM

RM Data Center

Hosted Solution

Company A

RM Users

RM Data Center

RMCM

RMCM

RMCM

Exhibit B

	Feature	Description
New Reuters Feature		
RM	Support RM6 Screenshot	• Log screenshot in transcript for compliance officer review • Ability to enable/disable users from using screenshot feature
	Support RM7 ChatV2	Active/passive compliance for merged room, chat alert and chat history (v2). • Log messages that are posted via merged room feature. • Log when user receives chat alert. • Log when user retrieves chat history (v2) • Block messages and chat alerts when they violate restricted phrases or Chinese wall rules. The transcript is flagged for review.
	Support RM7 FS	Active/passive compliance for File Sharing. • Log when user sends/receives files in IM and Chat, including Chat story • Block file when filename or file comment contains restricted phrases. The transcript is flagged for review. • Compliance officer can view the content of the file when reviewing the transcripts • File attachment is included in the exported transcripts • Unicode filename support
ADM	Transcript Download Page	• Exported files are stored separately for each company • Compliance officer of each company can download their exported transcripts via web UI.
	User Lockout	Ability to lock out users when wrong passwords are entered multiple times.
	Service Enforcement Date	Ability to enforce RMCM service on a certain date after the company has been created.
	Downloader	• A stand-alone application (Downloader) allowing compliance officer to download exported transcripts from RMCM Web service to their remote location. • Can be scheduled to run periodically
	Audit Log	Audit trails of CO/SA/MSP Admin activities • add/edit/delete employees/groups • add/edit/delete restricted phrases • login records • etc
IS	Mapping users to RM AD automatically	Ability to authenticate logging in user with RM AD and automatically provision (map) the user to the system.

Category	Feature	Description
Operations	System Management	New counters and alerts to allow RMCM to be managed 24x7 in the Reuters data center. • RMC user receives system policy description message.
	Support LCS Sending SIP Response instead of drop messages	Support RM over LCS (previously RTC 1.1 only) • Dropping a blocked message will cause RMC to pause for 30 seconds before it is timed out. Sending SIP response instead will allow RMC to realize immediately when a message is blocked.
IMA Feature Enhancement		
RM	Legacy RM Enhancements	Form, chatv1 and Contact Search
IS	Misc Logging Enhancements	Various logging enhancements and fixes
	Disclaimer Enhancements	Various disclaimer enhancements and fixes including: • Issue: Disclaimer does not show when message has restricted phrase • Issue: Multi-party conversation initiator does not see disclaimer • Enhance: Separate disclaimer from the message
	Multi-Server Enhancements	Fix various issues where inconsistent/incorrect behavior is observed when users connect to different (IS) servers including: • Issue: Inconsistent restricted phrase blocking behavior in Chat & IM • Issue: Disclaimer taken from wrong company in multi-party conversation • Issue: Message with disclaimer is dropped in multi-party conversation • Issue: Restricted phrase not blocked when disclaimer included
ADM	UI Branding	Change FaceTime's look and feel to Reuters's and remove various UIs which are not applicable to Reuters.
	Admin Enhancements	Various administrative features enhancement and fixes including: • Issue: Duplicate domain can be added to different companies • Issue: User can access unauthorized page through direct page link • Issue: Deleted group shows in list group popup page • Enhance: Add RMCM Product Page • Enhance: Improve dashboard page loading performance
	Purging Enhancements	• Purge transcripts older than pre-defined retention period • New logic to support global purging for multiple companies
	Exporter Enhancements	Fix various exporter issues and also improve its performance • Transcript path configuration & company name in filename to support multi-tenancy environment • Security – the exported transcripts are securely encrypted and will be decrypted when downloading from web UI or Downloader application

	Report Enhancements	• Modify indexes to improve exporter performance • Introduce last export timestamp to reduce exporter scanning data • Filter IM/Chat before exporting Various report enhancements and fixes including: • Issue: Reviewer can view transcripts of other company • Issue: Unflagged transcript becomes flagged after transcript review • Issue: Not all transcripts are flagged when same restricted phrase is set for different companies • Issue: Group supervisor cannot view chat transcripts • Issue: Incorrect chat participants information in transcript • Issue: several bug fixes for transcripts search operation
Operations	Installer Enhancements	Enhance installer so that it can be used to upgrade hosted RMCM
Performance Improvement		
IS	Active compliance checking and logging enhancements	• Tune queries, tune JVM parameters and optimize active compliance checking logic. • Introduce restricted phrase matching result cache logic • Introduce groups cache to improve Chinese wall processing for chat room • Remove queries not related to RM • Remove unnecessary processing for Chat • Enhance: restricted phrase processing
ADM	Reporting/Transcript enhancements	• Tune queries, tune JVM parameters and optimize reporting logic. • Optimize chat transcript rollover query • Enhance: configurable keyword search period to improve performance • Enhance: employee/group query for company with large number of groups • Enhance: employ thread pool to manage per-company tasks
DB	Database capacity/performance improvements	• Tune indexes and schema. • Log file to capture DB query statistics

Exhibit C

FaceTime Communications, Inc.
1301 Shoreway Road, Suite 275
Belmont, CA 94002

Main phone: 650-631-6300
Fax: 650-598-2820

From: Rose Bratkowsky
Sent: Friday, June 22, 2007 12:55 PM
To: 'Ann Demirtjis'; Angelita Mumola
Cc: Erica Ziemer
Subject: RE: FaceTime professional services invoices

Hi Ann,

I will re-direct the invoice for IMCC-Switzerland. Erica will be back to you regarding the professional service invoice.

Thank you for all your assistance.
Rose Bratkowsky
Accounting
FaceTime Communications, Inc
direct line: 650-572-6419

From: Ann Demirtjis [mailto:Ann.Demirtjis@reuters.com]
Sent: Thursday, June 21, 2007 6:15 PM
To: Rose Bratkowsky; Angelita Mumola
Cc: Erica Ziemer
Subject: RE: FaceTime professional services invoices

I have some issues with two of them:

10823 10/13/06   Professional Services – Reuters weekly journal.final.xls. This contains expenses that we didn't a chance to pre-approve and were in our opinion part of the work u guys did during the acceptance phase of the contract and thus are included in the sfw fee we are paying for the src code.
10645 (the old system invoice# is 5753) - annual support renewal for the IM Call Center in Switzerland. u are correct that this is not for us but rather for the Geneva team u guys worked with

we are going ahead with payment for the following invoices:
Approved for payment:
11486 – airfare for John's trip to BKK: $2701.3
10825 – trip expenses for other trainers who went to BKK $2399
10860 – training fees $9500

Regards,

Ann

From: Rose Bratkowsky [mailto:rbratkowsky@facetime.com]
Sent: Thursday, June 21, 2007 8:44 PM
To: Ann Demirtjis; Angelita Mumola
Cc: Erica Ziemer
Subject: RE: FaceTime professional services invoices

6/30/2008

Thank you very much.

Have you had a chance to process the other invoices?

Rose Bratkowsky
Accounting
FaceTime Communications, Inc
direct line: 650-572-6419

From: Ann Demirtjis [mailto:Ann.Demirtjis@reuters.com]
Sent: Thursday, June 21, 2007 5:43 PM
To: Rose Bratkowsky; Angelita Mumola
Cc: Erica Ziemer
Subject: RE: FaceTime professional services invoices

Hi Rose,

Np. This will get paid.

Ann

From: Rose Bratkowsky [mailto:rbratkowsky@facetime.com]
Sent: Thursday, June 21, 2007 8:35 PM
To: Ann Demirtjis
Cc: Erica Ziemer
Subject: FaceTime professional services invoices

Hi Ann,

Just checking to see if you had a chance to review our invoices and support documentation.

While pulling the documentation, we noticed that we did not invoice for the travel expenses for John Onusko's on-site training in October. The services were charged on invoice 10860 dated October 2006 – which you are currently reviewing. Attached is invoice #11486 for the travel expenses and the support documents related to that trip.

Please let us know if there are any questions.

Regards,
Rose Bratkowsky
Accounting
FaceTime Communications, Inc
direct line: 650-572-6419

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